

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7931

BILL NUMBER: HB 2044

DATE PREPARED: Jan 11, 2001

BILL AMENDED:

SUBJECT: Utility Charges for Fire Protection Costs.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill gives the Indiana Utility Regulatory Commission (IURC) authority to determine whether fire protection costs should be recovered from customers of a water utility other than the municipality that provides the fire protection services.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This proposal could allow the IURC to include the cost of providing fire protection into the recoverable costs (for fee setting purposes) of a water utility. The IURC is expected to be able to absorb any costs associated with developing these rules using existing staff and resources.

Explanation of State Revenues: The Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,0000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures: Under current law, water related costs for a municipality's fire protection are charged to the municipality. This bill would allow the IURC to approve changes so that the costs for fire protection would be included in the recoverable costs from all the water utility's customers. If the IURC approves changes in a water utility's tariff structure such that fire protection costs are recovered from customers, municipalities could have reduced expenses.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected: Municipalities.

Information Sources: